DEFENSE FINANCE AND ACCOUNTING SERVICE

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MAR - 6 1998

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER

SUBJECT: Update to the Department of Defense Financial
Management Regulation (DoDFMR), Volume 7, Part B,
Change for December 1997 Cost-of-Living Adjustment
(DFAS item G-74)

This is an Interim Change Number R6-98 to the DoDFMR, Volume
7B. This change is effective December 1, 1997. The attached
final version of the change includes your comments where
appropriate. Assignment of an interim change number is your
authority to initiate a procedural modification to facilitate
this change.

We have determined that this policy change does not require
a change to the current pay system. For the Denver Center, use
the attached to initiate the formal change to the DoDFMR.

Our point of contact, Mr. Fiti Malufau may be contacted at
DSN 327-5061 or commercial (703) 607-5061. Our FAX number is DSN
332-5271 or commercial (703) 602-5271.

Roger W. Scearce
Brigadier General, USA
Director for Finance

Attachment:
As stated

cc: DASD (MMP)(COMP)
     ODGC (F)
     DFAS-DE/DG
     Service Liaisons
     USCG/NOAA/PHS Liaisons

1. <u>Revise Table 2-1-4, Exempt Amount Based on Cost-of-Living Increases, (table 5-4 in reformatted Vol 7B) to add the following</u>:

Effective Date	Percentage of Increase	Yearly Rate
" 1 Dec 1997	2.1 (note 5)	10,316.65
	1.1 (note 6)	9,271.13"

2. <u>Revise Table 2-1-9, Executive Level V Rates, (table 5-9 in reformatted Volume 7B) to add the following</u>:

"1 Jan 1998 $110,700"

3. <u>Change Table 2-3-1 and 2-3-2 in Part Two, Chapter 3 (table 7-1 and 7-2 in reformatted Vol 7B) as shown in Attachment 2.</u>

4. <u>Change Table 2-3-3, Full Cost-of-Living (COLADJ) Percentage Table, (table 7-3 in reformatted Vol 7B) to show the following addition after No. 37</u>:

"38   1 Dec 97   2.1 pre-Aug 86 member   '
                         1.1 post-Aug 86 member"

5. <u>Add the following new subparagraph 20404cf (paragraph 080484 in reformatted Vol 7B)</u>:

"cf. A COLADJ effective 1 December 1997 provided:

    (1) Pre-Aug 1986 members:

        (a) Members who first entered service before 1 ·
Aug 1986 and whose retired pay has been computed under active
duty pay rates in effect before 1 Jan 1997 receive a 2.1 percent
adjustment.

        (b) Members who first entered service before 8
Sep 1980 and who became entitled to an initial amount of retired
pay computed on the 1 Jan 1997 active duty basic pay rate receive
a 1.3 percent adjustment.

        (c) Members who first entered service after 7 Sep
1980 but before 1 Aug 1986 and who became entitled to an initial
amount of retired pay on or after 1 Jan 1997 are entitled to a
pro rata initial adjustment as follows:

○

Retired Pay Effective Date	Percent Increase
1 Jan - 31 Mar 1997	1.3 percent
1 Apr - 30 Jun 1997	.8 percent
1 Jul - 30 Sep 1997	.4 percent
1 Oct - 31 Dec 1997	0 percent

    (2)   Post-Aug 1986 members:

        (a)   Members who first entered service on or after 1 Aug 1986 and who became entitled to retired pay before 1 Jan 1997 receive a 1.1 percent adjustment.

        (b)   Members who first entered service on or after 1 Aug 1986 and who became entitled to an initial amount of retired pay on or after 1 Jan 1997 are entitled to a pro rata initial adjustment as follows:

Retired Pay Effective Date	Percent Increase
1 Jan - 31 Mar 1997	.6 percent
1 Apr - 30 Jun 1997	.3 percent
1 Jul - 30 Sep 1997	.1 percent
1 Oct - 31 Dec 1997	0 percent"

6. Add the following new subparagraph 20404cg (paragraph 080485 in reformatted Vol 7B):

    "cg. Executive Order 13071 of December 31, 1997, effective 1 Jan 1998 provides:

        (1)   Increased basic pay rates.
        (2)   No increase for members retired before 1 Jan 1998.
        (3)   Members who retired on 1 Jan 1998 and who were subject to the Uniform Retirement Date Act, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (31 Dec 1997 transfers) were not entitled to pay computed on the 1 Jan 1998 basic pay rates."

7. Revise Table 9-8-1, SBP Threshold Amount, (table 49-1 in reformatted Vol 7B), to show the following change/addition after Rule 23:

R U L E	Column A If retired pay is based on active duty rates effective	Column B and increased by COLADJ	Column C then the SBP threshold is
24	"Jan 97 - 3.0%		434.00
25		1 Dec 97-- Pre-8 Sep 80 Mbr: 1.3 %	439.64

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                    Pre-Aug 86 Mbr:
                        Retired Jan-Mar 97    1.3 %              439.64
                        Retired Apr-Jun 97     .8 %              437.47
                        Retired Jul-Sep 97     .4 %              435.74
                        Retired Oct-Dec 97    0                 434.00

                    Post-Aug 86 Mbr:
                        Retired Jan-Mar 97     .6 %              436.60
                        Retired·Apr-Jun 97     .3 %              435.30
                        Retired Jul-Sep 97     .1 %              434.43
                        Retired Oct-Dec 97    0                 434.00

26      1 Jan 98 - 2.8%                                         446.00"
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8. <u>**Revise Appendix 13 to show the following addition**</u>:

Year of Retirement	Maximum Pay By Social Security
"1998	68,400"

9. <u>**Revise Appendix 21 to show the following**</u>:

"1st Qtr	FY 97	2nd Qtr	FY 97	3rd Qtr	FY 97
4th Qtr	CY 96	1st Qtr	CY 97	2nd Qtr	CY 97
Oct 96	155.5·	Jan 97	156.3	Apr 97	157.2
Nov 96	155.9	Feb 97	156.8	May 97	157.2
Dec 96	155.9	Mar 97	157.0	Jun 97	157.4
AVG CPI	155.8	AVG CPI	156.7	AVG CPI	157.3

4th Qtr	FY 97	1st Qtr	FY 98
3rd Qtr	CY 97	4th Qtr	CY 97
Jul 97	157.5	Oct 97	158.5"
Aug 97	157.8		
Sep 97	158.3		
AVG CPI	157.9		

TABLE 2-3-1
SERVICE REVERT--RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST (10 U.S.C. 1402)
  (WITH AT LEAST 2 YEARS' ACTIVE SERVICE AFTER RECALL)

R U L E	A If date of release from active duty is during	B and the current active duty rates is	C then revert to active duty rate	D and entitlement at time of recomputation is (note 4)	E increased by COLADJ applicable at time of recomputation (note 8)	F and apply later COLADJ per table 2-3-3, rule (notes 5, 9)
73	1 Dec 96-31 Dec 96	1 Jan 96	1 Jan 95	1 Jan 95	2.0 + 2.9	38 through end
74	1 Jan 97-30 Nov 97	1 Jan 97	1 Jan 96	1 Jan 96	2.5	38 through end
75	1 Dec 97-31 Dec 97	"	"	"	2.5 + 2.1	--
76	1 Jan 98-	1 Jan 98 .	1 Jan 97	1 Jan 97	1.3	--

TABLE 2-3-2
DISABILITY REVERT-RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST   (10 U.S.C. 1402)
(WITH AT LEAST 30 PERCENT AFTER RECALL)

R U L E	A If date of release from active duty is during	B and the current active duty rate is·	C then revert to active duty rate	D and entitle-ment at time of recompu-tation is	E increased by COLADJ appli-cable at time of recompu-tation (note 6)	F and apply later COLADJ per table 2-3-3, rule (notes 6, 7)
71	1 Jan 96-30 Nov 96	1 Jan 96	1 Jan 96	1 Jan 96		2.5 and rule 38 through end
72	1 Dec 96-31 Dec 96	"	"	"	2.5 (See para-graph 20404cd for post-Aug 86 mbr)	38 through end
73	1 Jan 97-30 Nov 97	1 Jan 97	1 Jan 97	1 Jan 97		1.3
74	1 Dec 97-31 Dec 97	"	"	"	1.3 (See para-graph 20404cf for post-Aug 86 mbr)	--
75	1 Jan 98-	1 Jan 98	1 Jan 98	1 Jan 98	--	--